

21 December 1956

**\*OGC Has Reviewed\***

**MEMORANDUM FOR: Mr. Houston**

**SUBJECT : Tax Legislation Affecting CIA**

1. I have learned from a friend who is now with the Internal Revenue Service and was previously with this Agency that the Service is considering a regulation which may be of interest to this Agency.

2. The legislative group which writes and amends regulations are discussing the problem of what, if any, educational benefits furnished or paid by employers for job or career purposes, should be included in an employee's gross income. In the past the problem has come up with such things as additional education in the summer for public school teachers, business courses and institutes for corporation executives, on the job mechanical training for industrial employees, etc. They are discussing this field under the mistaken assumption that there is no problem of this nature within the Government agencies. They are apparently unaware of the large scale training programs both internal and external provided by our Office of Training. If a regulation were written requiring the inclusion of the tuition fees or value of extra training in an employee's gross income I assume that it would apply to such things as language courses whether conducted by our own staff or whether farmed out to [REDACTED] 25X1A5a1

3. I should think that the Office of Training would be most interested in this development and might want to be more fully in touch with the intentions, plans, and assumptions of the Internal Revenue Service concerning this matter. Is this worth investigating further?

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[REDACTED]

Office of General Counsel

**Distribution:**

Subject - Taxes-1

✓ Signer

Chrono

OGC:SKW:jcf:jem

[REDACTED]